



## **ON THE URGENT ISSUES OF INSURING RISKS IN AGRICULTURE**

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**Abstract:** The article explores the necessity of a new approach to the methodology of insuring risks based on state support in the context of institutional changes in agriculture, as well as its main directions. The advantages and unique characteristics of the insurance system in managing risks in agriculture have been scientifically substantiated. The possibilities of applying it in the agriculture of the Republic of Uzbekistan have been investigated, and recommendations have been developed.

**Keywords:** agriculture, farmer households, risks, damage, insurance, agro-insurance, insurance products, risk management, credit, exchange, hedging, contracts.

### **On the Urgent Issues of Insuring Risks in Agriculture**

**Abstract:** The article examines the necessity and main directions of a new approach to the methodology of risk insurance based on state assistance in the context of institutional transformations in agriculture. The advantages and features of the insurance system in managing agricultural risks are demonstrated. The possibilities have been studied and recommendations have been developed for their use in the agriculture of the Republic of Uzbekistan.

**Keywords:** agriculture, farming, risks, losses, insurance, agricultural insurance, insurance products, risk management, credit, exchange, hedging, contract.

## **ON THE ISSUE OF CURRENT TASKS OF RISK INSURANCE IN AGRICULTURE**

**Abstract:** In the context of institutional changes in agriculture, the need for a new approach to the methodology of risk insurance based on state support is researched. Advantages and specific features of the insurance system in agricultural risk management are scientifically justified. Possibilities of its application in agriculture of the Republic of Uzbekistan were studied and recommendations were developed.

**Key words:** agriculture, farm, risks, loss, insurance, agoinurance, insurance products, risk management, credit, exchange, hedging, contract.

### **Introduction**

In the years of independence, significant work has been carried out in the agricultural system alongside other sectors of the economy, including the transformation of property forms, the formation of land ownership among farmers, and the establishment of a market infrastructure serving the system. These measures are aimed at improving the living standards of the rural population, addressing the issue of unemployment, and ensuring the supply of quality agricultural products to both domestic and foreign markets.

In the current context, institutional changes in the agricultural sector and ensuring its alignment

with modernity are being systematically implemented through measures aimed at securing a worthy position for the products produced by primary agricultural producers in the global market and ensuring food security. In this regard, the Action Strategy for the Development of the Republic of Uzbekistan for 2017-2021 outlines tasks such as reducing the areas planted with cotton and cereal crops, planting potatoes, vegetables, fodder, and oilseed crops on the vacated lands, creating new intensive orchards and vineyards, developing and providing favorable conditions for multi-sectoral farms, establishing agro-industrial enterprises specialized in the deep processing of agricultural products, ensuring the storage, transportation, and sale of agricultural products, and further expanding modern market services based on advanced technologies in agrochemicals, finance, and other fields.

The elaboration of the concept of integrated socio-economic development of the Republic of Uzbekistan until 2030 is based on the strategy of action on five priority directions of development of the Republic of Uzbekistan for 2017-2021 implemented in the country, the decisions of the Government taken in connection with reforming all aspects of financial and economic relations, increasing the economic potential of industries and regions and addressing social issues. The need to develop the concept is related to the solution of existing socio-economic problems, risks and threats that limit the sustainable development of the economy in the long term, as well as the establishment of goals and priorities for the transition from the current state of the economy and social sphere to sustainable development and improvement of living standards of the population[3].

The implementation of institutional reforms that provide a favorable environment for the inclusion of the country's economy in the sustainable development trajectory is an important condition for achieving food security of the country on the basis of market mechanisms in agriculture, liberalization of resource allocation and pricing in agriculture, creation of an effective system of economic relations aimed at introducing effective land use mechanisms.

The high degree of dependence on natural and climatic conditions creates the need to widely use the capabilities of insurance and insurance systems in managing risks in agricultural production. Insurance allows effective management of risks associated with the use of new technologies in the network, risks in the use of credit resources, risks arising from the sale of agricultural products through the exchange system (spot, forward, futures). The development of quality insurance services and state programs in this direction allows to ensure financial stability of agricultural producers, reduce state budget expenditures aimed at supporting the agricultural network.

The fact that theoretical, methodological and practical aspects of risk insurance issues on the basis of state support in the context of institutional changes in agriculture in Uzbekistan are not sufficiently studied as a special, independent object of research, determines the relevance and scientific and practical significance of the topic of this scientific article.

### **Literature of review**

Theoretical foundations of institutional research g. Becker, V. Bichenkov, T.B. Veblen, W. Hamilton, S.V. Grebennikov, V.V. Zotov, O.V. Inshakov, G.B. Kleiner, D. Commons, O. Kount, N.N. Lebedeva, G.P. Litvintseva, A. Nekipelov, R.M. Nureev, A.N. Oleinik, Y. Olsen, V.F. Presnyakov, V.O. Rosenthal, K. Savini, G. Spencer, W.L. Tambovtsev, O. Williamson, T.F. Faizullin, A.I. Faizullin, D.P. Frolov and other classics of economic science.

Methodological research in institutionalism A.V. Andreev, M.D. Georgiev, M.M. Georgiev, D.K. Gelbreit, S.V. Degtyareva, O.M. Dyusuche, S.K. Eshugova, S.V. Istomin, D.M. Clark, R. Coase, K. Menger, F. Knight, D.R. Posner, E. Raskov, G. Simon, A.M. Sergeev, O.S. Sukharev, O.V.

Fedonin, F. Hayek, A.E. Shastitko, T. It is covered in the scientific works of such economists as Eggertsson.

The study of various aspects of agricultural development using the institutional approach R.H. Adukov, P.I. Dugin, V.N. Galin, V.I. Gaiduk, G.M. Grisenko, A.P. Zadkov, V.I. Inshakov, M.E. Kadomtseva, L.S. Kazines, P.D. Kosinskii, V.V. Kossov, B.S. Koshelev, A.V. Krivosheev, I.V. Kursev, O.V. Mayevsky, A.F. Maksimov, I.V. Palatkin, P.M. Pershukevich, E.V. Popov, L.R. Popova, E.V. Salalikina, V.F. Stukach, L.V. Tue, I.G. Ushachev, N.G. Filimonova, D.P. Frolov, V.A. Shabashev, S.V. Sharibar, Y.I. Schmidt, I.V. Shchetinina and their like have been studied by other agricultural economists.

Methodological problems of formation and development of insurance in the agrarian sphere E.V. Abdrakhimov, M.I. Basakov, B.S. Belix, O.I. Biryuchev, D. Bland, K. Burrow, K.S. Wobie, A.A. Gvozdenko, V.N. Dadkov, A.P. Zadkov, A.A. Zernov, A.N. Zubes, M.A. Klimova, S.M. Lapaev, Direct Y.I., Tsikitenkov L.K., Nikitin A.B., Onishchenko A.M., Orlanyuk-Maliska L.A., Orlova I.V., Pleshkov A.P., Semyonov V.N., Fedorenko A.B., Eldiev M.N. This has been reflected in the concepts, theories and practical studies of scientists on these issues.

Uzbek scientists and specialists have also published a number of scientific works in this direction. Among them were T. Malikov, O. Olimjonov, H. Sobirov, M. Askarova, G. Akhunova, H. Boev, T. Baimurotov, O. Jo rayev, T. Iminov, M. Mirsodikov, Y. Tursunov, M. Khodjaeva, A. Shermukhamedov, Sh. Imamov, H.Shennaev, H.Boev, P.Kaziev, B.Khodiev, B.Khamidov, T.Baimuratov, M.Mirsodikov, B.Ashrafkhanov, R.Khusanov, A.It is possible to include such scientists and specialists as Yadgarov. In recognition of scientific works and the work of the above-mentioned scientists and specialists, we note that, despite the fact that the agricultural sector and, consequently, agro-insurance occupy an important place in the economy of our country, there are still few independent research works in this direction.

Theoretical and methodological issues of economic risk assessment were covered in the research works of J.M. Keynes, F. Knight, J. Neumann, O. Morgenstern, J. Schumpeter and other prominent economists. J.M.Keynes in his book "The General Theory of Employment, Interest and Money" did not specifically study the problem of risk, but reflected in economic decision-making, credit risk, the risk of inflation in conditions of uncertainty. F.Knight studied the relationship between risk, uncertainty and profit of the enterprise in the context of perfect and imperfect competition in his book "Risk, Uncertainty and Profit". J. Neumann and O. Morgenstern in their research approached the concepts of uncertainty and risk from the point of view of game theory. The famous Austrian scientist-economist J. Schumpeter in his book "Theory of Economic Development" investigated the factors causing permanent changes in the economic system, paying special attention to the classification and grouping of risks based on the study of economic dynamics.

Research on risk management in CIS countries became incredibly active at the end of the last century. Including I.T.Balabanov in his research outlined the content of risk management and its organization, methods, directions and strategies to reduce the level of risks, their insurance [9], K.V.Baldin methodological, organizational and technological foundations of management decision-making in the context of risks [10], S.M.Vasin and V.S.Shutov investigated risks in entrepreneurial activity and their classification, methods of identification and analysis of risks, features of risk management in the strategy of the enterprise [12]. M. from the scientists of our country.Sharifkhodjaev and yo.Abdullaev manage risks (risk), risk and types of risks and their management [7], Sh.Zainutdinov, A.Risks that Shermammedovs face in the management process and their analysis, types of risks and forms of management [8], A. Abdullaev considered one of the advanced forms of production organization in the scientific and theoretical foundations of farms in the agrarian sphere [5], A.Abduganiev conducted scientific research on

agriculture and its role in the economy, its importance, increasing its efficiency [6].

### **Analysis and results:**

The need to improve insurance risk management practices in the context of institutional changes in agriculture is reflected in the following:

- the fact that agricultural production, as a type of economic activity, is associated with a high level of risks;
- in most cases it is the inability of agricultural enterprises to compensate for natural disasters or production losses on their own;
- the fact that insurance coverage serves as a guarantee of compensation for losses associated with adverse events, and also ensures the pace of sustainable development of the agricultural network.

In practice, many strategies have been developed to manage agricultural risks, but agroforestry remains an effective means of protection against various risks and foreseeable losses in agriculture.

In addition to being a proven mechanism for managing all types of agricultural risks, agroforestry is also the best way to consolidate the interests of all insurance market participants. Therefore, the development of modern models of agrarian insurance implies an innovative approach to it.

Subsequently, special attention is paid to the use of land plots by farms: "When approving land plots of farms and other agricultural enterprises, their activities over the past three years are fully analyzed. Agricultural enterprises are acceptable if the size of land plots is smaller than the above. In this case, priority is given to land plots returned to the reserve of district administrations, first of all to multi-sectoral farms with direct investments, good financial condition and agricultural machinery, cotton-textile clusters, export and processing enterprises" [4].

The expansion of economic reforms in agriculture can be assessed as positive, as favorable conditions are created for the effective functioning of farms and farmsharecroppers. Taking into account the long-term lease of land to producers on a tender basis and various factors related to this, in particular the fact that farmers have relevant information and machinery, the productive use of land ultimately serves to increase the level of productivity.

Alternatively, it should also be remembered that successful functioning of farmers and horticulturalists is not only determined by the above-mentioned factors. Practical experience also shows that the development of the agricultural sector at one time cannot be achieved with sufficient adherence to the rules of agricultural technique. The fact is that the increase in production in the network, and consequently the increase in the level of productivity, is greatly influenced by favorable weather conditions, normalization of rainfall and similar natural conditions.

It is important to note that insurance plays an important role in covering losses incurred by agricultural producers, primarily farmers and gardeners, as a result of natural disasters and other unpredictable natural phenomena. After all, insurance is a reliable tool that protects the property interests of all economic entities and the population.

Despite the current high level of development of science and technology, many countries of the world are often faced with problems associated with increasing risks of natural-climatic and

economic content, which seriously affect crops in the agricultural sector, and such problems are becoming increasingly global in nature.

Meanwhile, the analysis of international experience in this matter shows that insurance is the most effective way of risk management in ensuring the continuity and financial stability of agricultural production.

The high degree of dependence on natural and climatic conditions creates the need to widely use the capabilities of insurance and insurance systems in risk management in agricultural production. Insurance allows effective management of risks associated with the use of new technologies in the network, risks in the use of credit resources, risks arising from the sale of agricultural products through the exchange system (spot, forward, futures). Development of quality insurance services and state programs in this direction allows to ensure financial stability of agricultural producers, reduce state budget expenditures aimed at supporting the agricultural network.

In order to organize insurance coverage of losses caused by natural disasters and other risks of agricultural enterprises, including farmers and gardeners, and to better meet the need for insurance services of agricultural producers, the market of agro-industrial services has been functioning in our country for more than twenty years. However, despite the fact that positive work on insurance of property interests of farmers and horticulturalists is being carried out, it cannot be denied that in this direction there are accumulated problems waiting to be solved. In particular, the introduction of market mechanisms in the system of agro-insurance, the fact that the level of their full coverage of insurance protection is not in a satisfactory state, the index of damage in crop insurance is maintained at a high level, in the insurance of agricultural crops, property insurance is dominated by the principle of traditionalism belongs to producers and livestock, insurance of risks. To positively solve problems in this area, it is necessary to carry out the following quick measures: expand and improve the types of insurance services that cover various risks in the activities of farms; attract insurance companies of different forms of ownership to the agro-foreign market in agricultural insurance, create a healthy competitive environment between them; encourage the offer of insurance services for; development of new mechanisms for risk insurance in the production activities of multidisciplinary farms; improvement of the mechanism of risk management at all levels of network management, without being limited to Agrostructure in the management of agricultural risks; ensuring the participation of the "Plant Protection Center" in the examination and detection of losses of insurance phenomena in the agricultural sector, improving the system of indicators that allow an objective assessment of agricultural risks and using them in their management through the development of the basic areas of the agricultural sector; further expansion of public-private partnership relations in the field of agricultural insurance; to simplify and ensure transparency in the practice of considering an insurance claim in the absence of an insurance event; to introduce the practice of returning some of the insurance premiums to the insurer in cases where the insurance event did not give ruy.

Today, the field of agricultural insurance is developing and improving in our republic. Currently, the State Joint-Stock insurance company "Ozagrosugurta", which offers agricultural crop crop crop insurance services, operates on this network. Operating under the Insurance Activities Act, it operates about 40 types of insurance services in the direction of agricultural insurance.

A total of more than 3,337.5,000 insurance contracts were concluded by JSC" ozagrosugurta " during its 2017 Operation. Of this, 53.7 thousand or 1.61 percent are agricultural insurance contracts. The community received Rs 37.3 crore in agricultural insurance. at the expense of insurance premiums in the amount of 1.9 trillion. held insurance liability in the amount of the sum. 73.8 billion to customers on agricultural insurance under the received obligations. payment

of insurance compensation in the amount of Rs. In the insurance premium insurance portfolio, Agricultural Risk Insurance was 27.8 percent (Table 1).

## 1-жадвал

### Agricultural insurance of “O’zagroinsurance” JSC for 2021-2023

Кўрсаткичлар	Ўлчов бирлиги	2023 йилда жами	Қишлоқ хўжалиги суғуртаси		
			2021 йил	2022 йил	2023 йил
Суғурта мукофотлари	млн. сўм	234081,5	43862,7	67609	71314,0
Суғурта товонлари	млн. сўм	163337,3	8765,0	23441	89864,4
Суғурта жавобгарлиги	млрд. сўм	67458,8	2150,4	2347390	2532,3
Шартномалар сони	минг дона	4737,5	42,96	63	68,7

The theoretical and methodological basis for the research of the methodology of risk insurance on the basis of state support in the conditions of institutional changes in agriculture in our country is the concepts of institutional changes in Agriculture, Risk Management in Agriculture, Improvement of the risk insurance system on the basis of state support. This entails a deeper study of the methodology of risk insurance on the basis of state support in the context of institutional changes in agriculture and further improvement of its methodological aspects.

Although this area has been widely studied in the research of scientists of our country, research on the management of risks in the activities of farms in the conditions of liberalization of the economy and acceleration of structural reforms assumes a new approach. The need to develop insurance practices in the agricultural sector is reflected in the following:

- the fact that agricultural production, as a kind of economic activity, is associated with a high level of risks;
- in most cases, the inability of agricultural enterprises to independently compensate for natural disasters or losses from production;
- the fact that insurance protection serves as a guarantee of compensation for losses associated with adverse events, as well as ensuring the pace of sustainable development of the agrarian network.

In practice, a variety of strategies have been developed aimed at managing risks in agriculture, but agroforestry remains an effective means of protecting against various risks, foreseeable losses in agriculture.

In addition to the fact that agrosugurta is a tested mechanism for managing all types of agricultural risks, it is also the most optimal way to consolidate the interests of all participants in the insurance market. Therefore, the development of modern models of insurance of the agrarian sphere assumes an innovative approach to it.

The goal of a new approach to the methodology of risk insurance based on state support in the context of institutional changes in agriculture is to improve the methodological and scientific foundations of risk insurance based on state support in the context of institutional changes in

agriculture and to develop mechanisms and measures to effectively use the possibilities of risk insurance in agriculture.

To achieve the set goal, the following tasks must be carried out:

- institutional approach to state regulation of the economy and research on the theory of institutional changes in agriculture;
- justification of the institutional role of farmers and peasants in agriculture and the need for their insurance;
- research the theoretical foundations of Agricultural Risk Insurance on the basis of state support;
- highlighting the features of the basic principles, forms and organizational models of risk insurance and the laws of development on the basis of state support in agriculture;
- research on the experience of foreign countries of Agricultural Risk Insurance;
- fundamentals of institutionalism methodology and analysis of the technology for the implementation of institutional change in agriculture;
- assessment and scientific research of institutional changes in agriculture;
- implementation of the fundamentals of the activities of institutions in agriculture, the financial framework of institutional agreements and the analysis of the effectiveness of the institutional environment;
- to highlight the institutional role and importance of farmers and farmers in the implementation of reforms in agriculture;
- to highlight the methodological features of the allocation of budget subsidies to commodity producers in Agricultural Risk Insurance;
- research on the methodology for assessing the size and effectiveness of state support for insurance of agricultural products;
- analysis of development trends of other types of Agricultural Risk Insurance;
- research on the international aspects of insurance for agricultural risks with state assistance;
- Analysis of the practice of insurance of farms and farms at the present stage of agro-agricultural development in Uzbekistan;
- to make recommendations on improving the organizational and economic foundations of institutional changes in agriculture;
- development of proposals for improving the scientific and methodological foundations of risk insurance in agriculture on the basis of state support;
- to make recommendations on the directions of improvement of the organizational basis of insurance of farms and farms;
- Development of a strategy for the development of agricultural insurance in the Republic of Uzbekistan and justification of the concept of improvement of agroforestry.

## **Conclusion**

Risk management is an important task in the sustainable development of the agricultural sector.

A new approach to the methodology of risk insurance on the basis of state support in the context of institutional changes in agriculture allows:

- on the basis of a systematic approach, a new interpretation of the concepts of "institutional changes in agriculture" and "methodology for risk insurance in agriculture on the basis of state support" is given and an improved terminological apparatus is developed;
- In the context of institutional changes in the Agriculture of the Republic of Uzbekistan, on the basis of state support, the factors determining the need for a new approach to the methodology of risk insurance are scientifically analyzed and measures for their effective management are substantiated;
- on the basis of state support in agriculture, a methodology for assessing the risk insurance process in agriculture, taking into account its factor and consequential aspects, is developed in

order to determine the effective use of opportunities determined by the features of the basic principles, forms and organizational models of risk insurance and development laws;

- methodological recommendations for insurance of risks in agriculture are given by assessing in some cases with coefficients that take into account the fundamentals of the activities of institutions in agriculture, the financial foundations of institutional agreements and the effectiveness of the institutional environment in complex, and systematic research of factors;

-in the context of institutional changes in agriculture, on the basis of state support, a methodology for assessing the prospects for development and its impact on economic growth is developed, which allows you to determine the priority factors for the effective organization of risk insurance;

-on the basis of a new conceptual scheme of research on the interaction of various factors, a strategy for the development of agricultural insurance in the Republic of Uzbekistan will be developed, and the concept of improving agroforestry will be scientifically substantiated.

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